

**FINANCE DEPARTMENT**  
William R. Scollins, III (Randy)  
Finance Director / Town Accountant

**Overview**

The Finance Department is comprised of five areas, staffed with 9 full time and 1 part-time personnel, as well as a shared technology staff, responsible for a variety of financial and technical functions as follows:

**Administration Division**

The Administration Division, staffed by Finance Director / Town Accountant Randy Scollins, is responsible for day-to-day operational oversight and management of the Finance Department.

The Finance Director also provides financial and general support to, and/or served on, multiple committees including the following: Advisory Committee; Audit Committee; Board of Assessors; Board of Selectmen; Board of Water & Sewer Commissioners; Capital Improvement Planning Committee; Employee Insurance Advisory Committee; HR Director Screening & Finalist Committees; Industrial Development Finance Authority; Non-Union Benefits Committee; Sewer Sub-Committee; Southeastern Regional School Building Committee; Town Asset Review Committee; Town Hall Building Sub-Committee; as well as various municipal union bargaining committees.

FY '12 was another challenging year to continue to meet the budgetary objective of maintaining current service levels. The final operating budget was balanced at \$57.3 million, a \$1.1 million increase over FY '11, or 2.01%. This was a significant achievement given the relatively modest new revenues available. New growth taxes rebounded nicely to \$585K, up \$291K from FY '11. The new quarterly tax billing schedule allowed the Assessing department an adequate amount of time to capture more new growth than the semi-annual schedule allowed previously. However the state aid picture became more complicated in FY '12. Regular "Cherry Sheet" state aid was relatively flat with a net \$5K reduction. However, this was more than offset by the last of the state's pass through of federal education aid which amounted to \$551K which the School Administration shared in a cooperative effort

to balance the town-wide budget without cutting services.

State aid from the Massachusetts School Building Authority (MSBA), for the payment of debt associated with the Igo School renovation, ended in FY '11. However, given that these final payments to the Town were long overdue "true-up" payments, they exceeded the project's remaining debt service and had resulted in a subsidy to taxpayers for the last three years in the amount of ~\$450K annually. So in FY '12 with the Igo debt service fully paid off in FY '11, and no more MSBA payments for the project, excluded debt taxes increased by the amount of this subsidy. However, the taxpayers did receive the full amount of the state assistance for this project with \$1.5 million of the final state aid payments "back loaded" to synch up with the last three years of the associated bond payments.

The Town also completed a review of fees charged for departmental services and increased those that were deemed to be low. These increased fees helped to offset a reduced commitment of local receipts to the budget, as local receipts had been over leveraged in FY '11 to assist in balancing that year's budget.

Negotiated increases to employee health insurance co-pays and deductibles which drove a meaningful reduction to health insurance premiums, and no cost of living adjustments for those employee groups with expiring contracts, combined with savings associated with the rebidding of energy contracts, a level services guideline, and a \$506 thousand increase in Free Cash reliance were the other critical components to balancing the FY '12 budget.

The departments with the largest increases were: 1) School Department - \$407K; 2) Health Insurance - \$321K; 3) Pension Assessment - \$174K; and 4) Water Department - \$161K. The net change of all other operating budgets was an increase of \$55K.

Another major focus was the administration of, and fiduciary guidance for, the FY 2013 budget process. (*The Town's fiscal year ends in June.*) The FY '13 budget started off as another challenging year, but a lot of hard work and a couple of breaks in the Town's favor resulted in a situation where we could meet the operating & capital budget objectives and also reduce borrowing requirements for the library renovation.

The annual operating budget was balanced at \$59.38 million, a \$2.0 million increase over FY '12, or 3.56%. ~25% of the increase is associated with a \$489K increase in excluded debt taxes, all of which is attributable to the Library renovation and expansion project.

Due to a very mild winter, \$250K of the planned Snow & Ice deficit was not needed. \$150K was used to balance the budget and the remaining \$100K was used to permanently increase the annual Snow & Ice budget from its artificially low funding level. This was a one-time opportunity that will now permanently reduce the deficit planning needs by \$100K.

The full impact of several cost reduction initiatives related to health insurance premium growth paid a substantial dividend to the FY '13 budget. As a combined result of negotiated increased employee co-pays and deductibles, the full phase in of reducing the Town's percentage share of pre-65 retiree health premiums from 70% to 50%, to be equal with post-65 retiree premium sharing, a first ever educational health fair coordinated by the Revenue Officer which resulted in dozens of employees opting for lower cost, but equally beneficial, health plans, Foxborough was rewarded with an effective zero percent increase in its health insurance premiums by its health insurer MIAA. This saved the Town \$630K in its health premiums in FY '13 while also saving employees \$400K in their premium costs.

These positive developments were necessary in order to bridge the substantial gap created by reduced federal and state aid. \$551K in federal education aid received in FY '12 was the last of such budget supplements and was not continued in FY '13. In addition state aid in FY '13 was anemic with a \$121K reduction anticipated by the time of Town meeting, but ultimately increased by \$27K over FY '12 once the legislative process completed in June, leaving the Town a modest cushion that will ultimately flow into Free Cash.

The net result of all factors was a balanced operating budget that allowed for the addition of four needed positions, two in the School department and two in municipal departments. Further, the Town was able to take \$405K of Free Cash that was initially planned to balance the operating budget and apply it to the

Library renovation and expansion project, thereby reducing the borrowing requirements for that project by that amount and saving taxpayers the debt and interest costs associated with this debt excluded project.

Another dividend from the fee analysis work completed in FY '12 was the substantial expansion of ambulance receipts revenue. Ambulance receipts grew from \$710K in FY '11 to \$1.18 million in FY '12, or 67%. The run rate of this revenue stream is now substantially greater than it has ever been. This increased revenue allowed for not only the annual funding of ambulance service related expenses in the operating budget in the amount of \$550K, but the financing of over \$1 million in Fire department capital equipment needing repair or replacement. What is significant about the ability to fund more expensive Fire department capital equipment from this revenue source is that it allows other funds dedicated to capital equipment to address more capital needs than we otherwise would have been able to. Given the Town's backlogged capital equipment needs resulting from depressed state aid levels over the last decade, this is a welcome development.

The Town's net State Aid peaked in FY '01 at \$7.86 million and has only grown by a cumulative 5.44% over the last 12 years, or a compound average growth rate (CAGR) of 0.44% to \$8.29 million in FY '13. However inflation, as per the Boston-Nashua index, has grown by a cumulative total of 34.5% over the same time period or at a CAGR of 2.5%. On an inflation adjusted basis the Town has endured a net loss of over \$19.8 million in State aid revenue since FY '01. In FY '13 the Town is still \$2.3 million below the FY '01 net State Aid level on an inflation adjusted basis. These are real, substantial and sustained revenue declines with real and significant challenges to the Town's finances. Consequently, the Town continues to struggle to sustain, improve, and in many cases, just return to prior service levels provided to the community. Therefore maintaining service levels year after year, without the need for general overrides, like many of our neighboring communities, is a noteworthy achievement.

The Town continued, for the sixteenth straight year, to rely on taxing to the levy limit allowed under Proposition 2 ½, which added \$883 thousand in new

revenue. 80%, or \$1.6 million, of the \$2.0 million increase to the operating budgets was due to increases in three departments: School = \$806 thousand; Debt Service = \$481.7 thousand; and Water Enterprise = \$318.6 thousand.

As we finalize the FY 2014 budget we are seeing a State Aid budget that is again very unpredictable with controversial proposals for hefty new tax increases being debated. The Town continues to diligently utilize all the tools at its disposal to attempt to maintain services and prepare for any eventuality.

The aggressive budget management activities of the last three years continue to pay lasting dividends. Rebidding of contracts, consolidation of operations, wage & health insurance concessions, increased focus on new tax growth capture, combined with increases in fees & fines and prudent use of reserves are setting the stage again for a possible FY '14 operating surplus that is much needed to address several non-operating budget requirements.

At the end of FY '11 the Town joined most of its neighboring towns and adopted the local option meals tax of 0.75%, which was implemented at the beginning of FY '12. Revenues for the 10 months came in at \$666.8 thousand and exceeded the Department of Revenue's (DOR's) estimates of \$600 thousand for FY '12, a partial year. FY '13 will be the first full year of meals tax receipts due to timing quirks with the State's quarterly collection and payment cycle. Full year revenues are estimated at \$772.5 thousand and, with 6 months of revenue received to date, receipts are ahead of plan by more than 7%. The Board of Selectmen adopted a prudent policy allowing these receipts to be used exclusively for the Town's Retiree Health Insurance costs (OPEB) and for road improvements. To date, Town meeting has allocated \$700 thousand to OPEB and \$175 thousand to roads. As per policy, Meals Tax receipts will not be used to fund operating budgets.

#### **Assessing Division**

The Assessing Division is staffed by Chief Assessor Hannelore Simonds, Assistant Assessing Officer Deborah Cochrane and Assessing Clerk Colleen Pietrusewicz.

The division's primary responsibility is for real and personal property valuation which is the basis for

levying the property tax. Valuations are established following state guidelines and are then certified by the DOR's Bureau of Local Assessment (BLA).

The Massachusetts DOR certified the FY 2012 tax values and rates on schedule in December of 2011. The resulting FY 2012 certified values are summarized as follows:

#### **FY 2012 Property Values:**

Residential	\$ 1,931,546,888	74.38 %
Commercial	511,097,212	19.68 %
Industrial	59,446,100	2.29 %
Personal	<u>94,868,460</u>	<u>3.65 %</u>
	<u>\$ 2,596,958,660</u>	<u>100.00 %</u>

New growth capture provided property valuation increases of \$45.24 million and an increase of \$585 thousand in new tax revenues. The FY 2012 levy limit calculation is presented below:

FY 2011 Levy Limit	\$ 32,571,015
Allowable 2.5% Increase	814,275
New Growth	<u>585,387</u>
FY 2012 Levy Limit	\$ 33,970,677
Add Debt Exclusions	<u>2,443,701</u>
Maximum Allowable Levy	\$ 36,414,378
Unused FY 2012 Levy	<u>\$ 6,220</u>
Actual FY 2012 Tax Levy	<u>\$ 36,408,158</u>

The resulting tax rate per \$1,000 in assessed value for FY 2012 was \$13.73 for Residential and \$14.86 for Business.

The unused tax levy is solely the function of tax rates being calculated out to only two decimal places, as required by the DOR. This will almost always result in some amount less than one tenth of one percent of the maximum allowable levy being unused in a given year.

The Board of Selectmen held the FY '12 Classification Hearing, as required annually of all municipalities by the DOR. The purpose is to vote on either a single tax rate for all classes of property or to have a "split" tax rate, i.e., a higher rate for business and a lower rate for residential. The Board of Selectmen accepted the Board of Assessors' recommendation to establish a split tax rate for the first time in the Town's history. Foxborough joined

nine other area towns that have adopted a split rate and for good reason.

When the classification hearing for FY '12 was held, the Board of Assessors, Chief Assessor & Finance Director recommended a split tax rate for the first time in the Town's history. The reason was that we were aware that there had been a 2 year shift (FY '10 to FY '12) in property values that was causing more of the total tax burden to fall on Residential classes of property vs. Business classes (Commercial, Industrial & Personal). We determined that the FY '10 values were a very good baseline in the split of values between Residential & Business classes because all of the major new growth was included (Patriot Place, Chestnut Green & Foxboro Lodge) and FY '10 was a revaluation year, which is a year when all of the Town's values are scrutinized more than in the non-reval years in a formal process by the Assessing department and the DOR.

What we noticed in FY '12 was that the values had dropped further, on balance, for Business classes vs. Residential classes. The difference was significant enough for the Chief Assessor, the Board of Assessors and the Finance Director to review the idea of equalizing the burden between the two major classes. That type of a shift is the most logical reason to have a split tax rate, i.e. to maintain a targeted split of the burden between the major classes. There are other reasons, but those are mostly political, but are also a consideration. However a significant value shift is one of the main reasons cities and towns have the ability to split a tax rate. In fact, the Board of Selectmen is required to consider the question annually as a policy matter and as a touchstone along the way to having the tax rate certified by the DOR. Foxborough was not alone that year in taking up the question seriously for the first time because it was not a Foxborough phenomenon, but a regional development.

So in FY '12 the BOS voted to accept the recommendation to maintain the percentage split of value (and correspondingly percentage split of tax burden) that we had in 2010. With the understanding that going forward adjustments would be made annually, as necessary, to maintain that value split. So if business values rose faster than residential values on balance, the split would be toggled back

accordingly in order to maintain the 2010 baseline and vice versa.

Of course, it is still a political process, so our recommendations are only that and they are subject to the Board of Selectmen's decision, just like the process that allowed for MIA High School Football Championship game Gillette Stadium ticket fees owed to the Town to be waived in a controversial vote.

In addition the staff was busy during the year assisting in the transition to quarterly tax billing, updating property records, processing deeds and permits, as well as managing the various abatement and exemption programs. The staff also manages motor vehicle excise tax administration. The perpetual re-listing of all property, required every ten years, is also ongoing. The department is also working diligently to finally bring tax payer property information online and expects to have this available by the end of fiscal 2013.

### **Accounting Division**

The Accounting Division, was staffed by Assistant Town Accountant Jodi Cuneo, and Accounts Payable Clerk Christine Dupras, and they continued to devote much of their effort to weekly expenditure controls. They are extremely thorough in ensuring, as per their authority, every town wide invoice is compliant with the state's strict procurement laws and that payrolls are compliant with Town contracts and by-laws. All town wide expenditure requests are processed weekly in development of the weekly payroll and expenditure warrants. We look forward to changing to bi-weekly payroll for municipal employees in fiscal 2014, like the school department, as this will allow the staff to better manage the accounting responsibilities.

The Assistant Town Accountant performs multiple weekly and monthly reconciliations to ensure that the Town's general ledger and all of its funds and subsidiary ledgers are accurate, balanced and compliant with DOR requirements. The division reviews budget to actual variances, manages encumbrances and reports on all ledgers monthly. They provide regular reporting to departments and ably assist all town wide departments with many accounting matters throughout the year.

In addition to the regular and considerable accounting duties, the Assistant Town Accountant manages town wide administration of fuel and telephone allocations, sick and vacation time tracking, worker's compensation and related annual audits, unemployment, self-insurance, off duty police and fire detail payroll, grants and betterments.

The Town Accountant and the Assistant Town Accountant took the initiative to speak out on abuses of, and loopholes in, the Unemployment system they had noticed over the years. They wrote about the situation to their colleagues, sent a letter to the Governor and testified to the legislature on Beacon Hill for change. As a result the Secretary of Labor completed a thorough investigation of all the issues raised and the Governor filed a bill that was ultimately passed reforming a broken system. This important change will now save taxpayers significant taxpayer dollars not only in Foxborough, but across the state.

The Assistant Town Accountant also provides exceptional budget process support by compiling, organizing, proofing, copying, and updating all budget requests and ultimately entering all approved budgets into the accounting system.

The division is required to submit many and various comprehensive financial reports throughout the year to the Department of Revenue. One critical report, Schedule A, is required in order to continue receiving the Town's State Aid and another is required to certify the Town's available funds, i.e. "Free Cash", before they can be appropriated. The division is very diligent in working to meet these time sensitive deadlines. Timely reporting support for education costs incurred in non-education budgets is also provided to the School Department for their important annual report to the Dept. of Education.

The Town has a contract with the firm of R. E. Brown & Co., a firm that audits only municipalities in Massachusetts. The Town received a clean audit opinion for FY 2011. A copy is on file for public inspection, as well as on the Town's website at [www.Foxboroughma.gov](http://www.Foxboroughma.gov) on the Finance Administration page. We are currently in the process of finalizing the FY 2012 audit. Unaudited preliminary FY 2012 statements can be found in the back of this publication.

The Annual Town Report Committee has recommended that the statements provided in the Annual Report this year be changed to reports that are more easily understood than the GASB statements that have been provided over the last eight years. The Finance Director welcomes and concurs with this recommendation and has provided comprehensive balance sheets for all funds that are the versions provided to the DOR using their Uniform Massachusetts Accounting System or UMAS. These statements are not full accrual based like GASB, but provide a level of detail that is believed to be more transparent regarding the current year's financial activity. In addition, special revenue funds account level activity, receipts & expenditures, have also been provided for each and every such account. Also actual spend in FY '12 operating and capital budgets is compared to appropriated amounts. Feedback on the change in reports provided will be greatly appreciated in order to determine if this is the type of reporting desired by the readers of this report.

The Town Accountant also issues financial statements that are compliant with Governmental Accounting Standards Board (GASB) statement No. 34 (GASB 34). This is a dramatic financial reporting change for all state and municipal governments nationwide and continues to contribute to a delay in their annual development in Foxborough due to substantially increased reporting and complexity combined with very limited accounting staff.

This reporting model moves away from a partial accrual model to a full accrual model. A management discussion and analysis section covering GASB specified topics is also a requirement. Further, capital assets, including infrastructure assets, are now included, as well as associated depreciation.

Another major GASB pronouncement impacting all municipalities nationwide is GASB 45. The Town is required to hire an actuary to calculate the full liability associated with retiree health benefits. As of the end of FY '11 that liability was calculated to be \$52.3 million on the current partial funding schedule, or \$37.4 million if the Town were to adopt a full pre-funding approach. The liability is amortized over 30 years and is \$10 million less than when calculated two years prior. The actuarial report is available on the Town's website, at [www.foxboroughma.gov](http://www.foxboroughma.gov) on

the Audit Committee home page. The resulting liability will be included, on a phased in basis, in the Town's financial statements and actuarially updated every two years, at the Town's cost. The next update is scheduled to begin in the Summer of 2013.

Although the Town's unfunded actuarial liability (UAL) compares very favorably to other cities and towns, according to the actuarial consultant, the liability is real, large and should be managed prudently so as to not jeopardize the Town's excellent credit rating or its financial stability. The common benchmark used to compare the size of one town's UAL to another is the ratio of the UAL divided by the Annual Covered Payroll. The Town's ratio was 170% on a partial funded basis. The actuarial consultant has found the norm to be about 236%. Foxborough's favorable ratio is attributed to the less costly attributes of the Foxborough health plan, including the share of premium split and the mandatory Medicare enrollment at age 65.

At the end of fiscal 2012, the Town had \$2.05 million in the OPEB Trust dedicated to this liability. As referenced earlier in this report, the Town is committed to annually dedicate funding towards this liability from Meals Tax receipts. The Water & Sewer Commissioners are also contributing the requisite funding share from the Water & Sewer enterprise funds, which cover their employees.

The Accounting staff was also honored by the Town's financial software vendor, Tyler Technologies, with their prestigious Excellence Award for its implementation and use of document imaging technology. Foxborough was one of six communities out of 10,000 worldwide honored for Organizational Excellence with the Munis Financial application and received an all-expense paid trip to the company's annual user conference in Texas.

### **Revenue Division**

The Revenue Division is led by Treasurer / Collector Lisa Sinkus and is staffed by Assistant Revenue Officer Paula Maloney, and clerks Jessica Minton and Kelly Rivard.

The division is responsible for management and oversight of the Town's cash, debt, billing and collections, vendor payments, as well as Town wide benefits administration and payroll. In addition, in

the spirit of community service, the office volunteered to assume responsibility for passport application services in 2012 when Town Clerk's offices were no longer allowed by law to offer the service due to 9/11 related concerns. The workload turned out to be much heavier than anticipated, as most other surrounding Town Halls decided to discontinue the service, rather than maintain it for their residents. As a result the activity level has doubled along with the revenue to the Town, with no additions to staff.

In FY 2012 this office also volunteered to take on all of the responsibilities of an eliminated Solid Waste department part-time employee in a move to streamline the billing and administration of the trash program, again with no additions to staff.

Also, the Revenue Officer and Finance Director participated on the cross-functional team that successfully rebid the trash contract which resulted in \$821 thousand in direct savings to trash customers over the life of the new contract. The unanimous choice of the team, following a strict bidding law process, was a proven, stable regional provider with multiple municipal residential contracts. However, the lack of a town bylaw limiting residential trash collection service to one vendor, like most surrounding communities have, has created confusion in the community regarding the Town's chosen vendor. Although the spirit of competition is usually a positive, in the case of residential trash collection, it can create roadway hazards with multiple competing large vehicles and crews servicing the same residential neighborhoods. It can also diminish the desirability of servicing a community in the eyes of vendors needing critical mass to sustain their business. This will only hurt a community in the long run in a competitive sense and unnecessarily increase local roadway safety risks. We respectfully suggest the community take up a one vendor bylaw with regard to residential trash service and in the spirit of fairness, rebid the contract again once this change is put into effect.

A no cost on-line payment option for motor vehicle excise tax, real estate and personal property tax, and water and sewer bills continues to be offered through the Town's website [www.foxboroughma.gov](http://www.foxboroughma.gov). Although it is being used successfully more and more by many, to be frank, we continue to be disappointed

by the low level of utilization. It is a safe and convenient way to pay these bills via a bank debit. There is no cost to use this service. One can even set the date they want the payment to be deducted from their bank account and avoid any risk of having a late payment. However, for those that pay these bills electronically, the vast majority use their own bank's online check service. When doing this, because the remittance is not sent when paying like that, our lock-box service can't process the payment and that results in higher processing costs and more labor intensive work for this office. More frustrating for the bill payer is that many will not send their payment until too close to the due date, and due to the bill payers' bank's slow processing and the very manual nature of processing these payments once received, the bill payer can be subject to late fees and interest. So we strongly urge electronic bill payers to use the free, safe, convenient and very efficient on-line bill payment service available through the Town's website.

The Collector's office successfully planned and managed the change from semi-annual property tax billing to quarterly tax billing beginning in fiscal 2012. Town meeting adopted this change at the May 2010 Annual Town Meeting and Foxborough now joins the overwhelming majority of cities and towns in the state. Conveniently, if a taxpayer makes just one payment via our online payment option (*see link on the homepage of the Town's website*) the taxpayer will receive email reminders every time a tax bill is due.

The reasons presented to, and accepted at, the May 2010 Annual Town Meeting to change from semi-annual property taxes to quarterly are as follows:

- The most significant reason is to allow the Assessing office adequate time to capture "New Growth". Under the semi-annual system Assessors only had a few weeks to capture the new growth in Town because new growth can be captured up until June 30th, but all values need to be certified by the Department of Revenue (DOR) by late August to issue timely tax bills. However the quarterly tax system adds 3 additional months to this timeline. This amount of time is what is necessary for the Assessing office to properly do their job of capturing all new growth in the Town prior to values being certified by DOR. In the two tax rate setting cycles since

quarterly taxes have been adopted new growth capture has exceed estimates by over \$330,000 in additional growth taxes. These amounts have been important to fund the services provided to the Town and is the most important reason for changing to a quarterly tax system.

- Another important reason is to improve the cash flow of the Town. When the Town's largest revenue source (64% of the funding for all Town services), is only received twice per year, that can put a strain on the Town's cash flow. Smoothing out the collection of this critical revenue source to four times per year makes the payment of the Town's bills more manageable. The result is that it will be unlikely that the Town would need to take out short-term loans to fund its operations because it was waiting for tax revenues to be collected. This allows the Town to avoid unnecessary interest costs on such short-term borrowings.

- There are relatively minor increased collection related costs to the Town for having to collect payments four times per year instead of two times. However those costs are offset by the extra interest the Town earns on the more frequent receipt of tax payments. In this low interest rate environment where we aren't earning very much on our deposits, the additional costs incurred are completely offset by the extra interest. However, when interest rates rise again we expect to earn \$50,000 to \$200,000 more than our incremental costs. Those increased revenues will be used to provide services to the community.

- Another benefit to taxpayers is a more manageable tax payment. Rather than two large bills to pay each year, there are four smaller bills. This is an advantage to those who'd rather manage the payment of their property tax in smaller increments.

- Another side benefit to taxpayers is that if a taxpayer is late in paying their property tax bill the interest that the collector must charge by state law on the late payment will only be charged from the date the payment was due. Under the semi-annual tax system state law requires that the late interest penalty must be collected from the date the bill is issued. This added 30 extra days of mandatory interest penalties to late tax payments. However that law no longer applies, under the quarterly tax payment system, saving a late taxpayer 30 days of interest

penalties. State law requires that interest penalty to be calculated at a rate of 14%. Revenue collected from late taxpayers declined by \$5,000 in FY '12 (first year of quarterly tax billing) compared to the four year average of this revenue item. So this savings to late taxpayers is real.

In summary, moving to a quarterly tax payment system in Foxborough was a revenue driven decision, but not to collect more in interest and penalties, but to identify more new growth property that is subject to tax. This move is paying off for the community as anticipated. The other side benefit will be when interest rates rise again incremental revenue will be earned on the improved cash flow a quarterly tax payment system allows. Foxborough now joins 79% of all Massachusetts communities in the state using the quarterly tax billing system.

The Collector's office has posted important information about the Quarterly Tax Payment Program on the Town website on the homepage under "Quick Links" and on the Revenue Office page. Although one just need remember that there will be four payments in the course of the year instead of two and that the first two (*billed in the 1<sup>st</sup> mailing*) will be estimates, and the last two (*billed in the 2<sup>nd</sup> mailing*) will reflect an adjustment based on the certified value of one's property.

The Treasurer completed a refunding (*similar to a refinancing*) of some of the Town's debt, due to the current interest rate environment that synched up nicely with the call provisions in these bonds. We completed this complicated work in March of 2012, on six Town bonds totaling \$5.4 million. The savings that accrued to tax and water rate payers was \$713 thousand over the remaining terms of these bonds.

The Treasurer also issued combined permanent financing for both the Library renovation & expansion project (\$7.095 million) and the Oak St. water treatment project (\$5.8 million), strategically timed for June of 2012. The total amount borrowed, \$12.895 million, was \$1.587 million less than originally planned due to the application of other funding sources; \$405 thousand from free cash due to favorable operating budget balancing; \$382 thousand from dormant water enterprise capital project accounts; and \$800 thousand in water project bid savings. This combined bond offering attracted an

advantageous bidding environment that yielded a true net interest cost of 2.91% over the 20 year term. As a direct result of the reduction to the amount borrowed, the decision to combine and strategically time the offering until after the water project bids had been received and the positive credit rating result, total interest savings was \$648 thousand compared to plan.

Prior to both the refunding and permanent bond offering we conducted a credit review with Standard & Poor's and in both instances the Town's stellar rating of AA+ was reaffirmed. The full credit report can be viewed on the Town's website from the Revenue Office page.

Total general treasury activity for FY 2012, capturing the flow of all Town funds, including payroll, expenses, grants, federal and state aid, bond proceeds and payments, and trust fund activity is summarized as follows:

Balance as of 06/30/11	\$ 28,896,253
Gross Receipts	80,826,163
Gross Disbursements	<u>(67,997,186)</u>
Balance as of 06/30/12	<u>\$ 41,725,230</u>

FY 2012 investment earnings on cash balances declined again as interest rates continued to remain at very low levels. Mindful of the turmoil in the banking industry in recent years, the Treasurer continues to be extremely diligent in ensuring that all deposits are in the strongest and highest rated banks, consistent with the higher priorities of all treasurers - safety and liquidity. Given the extra risk seen in the banking industry over the last couple of years, the Town has gravitated towards collateralized deposit agreements.

Foxborough's property tax collection performance declined slightly in FY 2012. Collections decreased by 25 basis points, or \$133 thousand. 1.25%, or \$564 thousand, of property taxes were outstanding at fiscal year end. Also, tax liens on prior year's balances have increased again by \$79 thousand in FY '12 and totaled \$779 thousand at FYE '12. This increase in tax liens follows a \$224 thousand increase in these accounts over the prior three years. Unfortunately, increases in the Town's tax receivables balances results in a dollar for dollar reduction in the Town's free cash certification.



**Information Services Division**

The Information Services Division is responsible for all hardware and application software in use at the Town Hall and other municipal buildings and is under the leadership of I.S. Director Paul Bortolotti. Although the municipal information systems were significantly stabilized under the newly centralized I.S. model in 2009, the I.S. team has been ably managing system improvements throughout the last three years in addition to providing critical day-to-day support to municipal employees in the use and maintenance of their information systems.

Significant system improvements this past year included a seamless upgrade to the Town's GEOTMS licensing and permitting software, as well as enhancement upgrades to the Town's MUNIS financial system, including an important version upgrade, and Dashboard and Content Manager upgrades. All municipal employees also had their Microsoft Office software finally upgraded for the first time in 10 years, which contributed to productivity increases across those offices. All projects were managed incredibly well with no disruptions or issues thanks to the excellent efforts of our I.S. team. Hopefully in FY '14 the outdated and productivity inhibiting phone and email communication systems will be upgraded across all municipal and school buildings to modern technology, if approved at the Annual Town Meeting.

**In Summary**

The Foxborough Finance Department is proud to deliver the level of services it does with the resources provided. The department is committed to providing quality service to our customers and tax payers every day. We welcome public comments, questions and constructive feedback.

Thank you to the entire Finance team, veteran and new member alike, for your continued extraordinary efforts and dedication throughout the year.